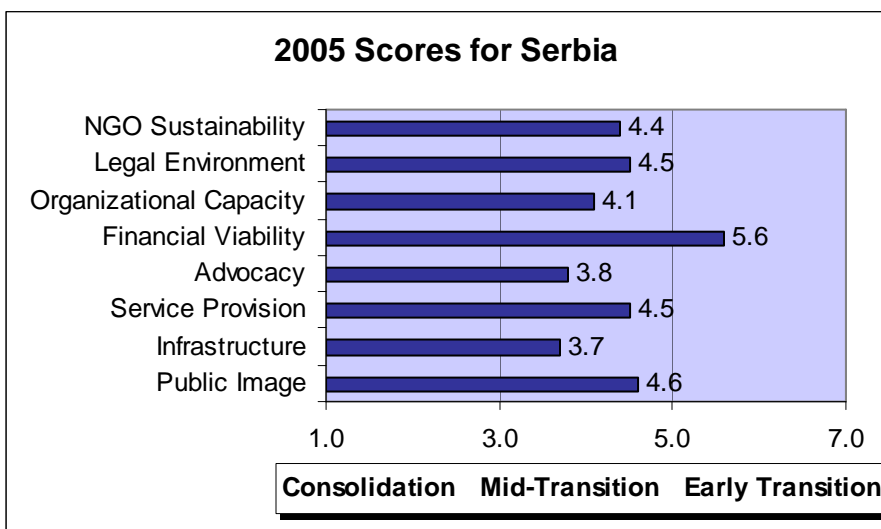


Serbia



Capital: Belgrade

Polity: Republic

Population:
9,960,000

**GDP per capita
(PPP):** \$2,400

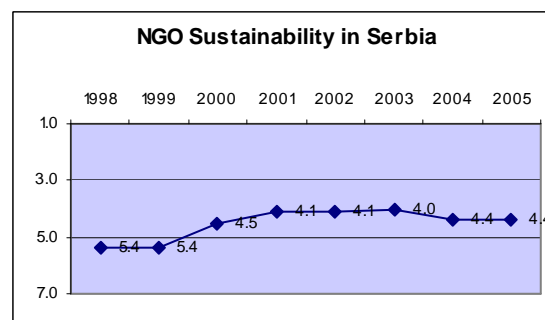
NGO SUSTAINABILITY: 4.4

This year marked the fifth anniversary of the defeat of former Serbian president Slobodan Milosevic, and the end of a period marred by regional conflicts, international isolation, and economic recession. Serbian NGOs stood at the center of this transition, banding together to increase voter turnout, highlight cases of human-rights abuse, and develop a civil society.

In the initial period following 2000, NGO optimism and sustainability seemed on the rise. Since then, progress has for the most part stagnated, and in some cases, NGO sustainability has suffered setbacks. Organizations have not only failed to build a partnership with the current government, they also have been met with open hostility from numerous officials. The media has displayed similar antagonism. Such negativity feeds poor public perceptions and deters domestic philanthropy, which is increasingly important as foreign funds are diverted elsewhere.

In some respects, NGOs in Belgrade fare better than their counterparts at the local level, particularly in terms of organizational capacity and advocacy. Larger, well-established organizations still tend to focus on transitional issues of reconciliation and human rights, rather than represent a wider range of other citizen

concerns. Organizations outside of Belgrade, however, enjoy more favorable relations with local media and businesses.



The overarching question for the sector is whether the failure to realize needed reforms, exemplified by delays in the passage of the new law on NGOs, represents business as usual or a deterioration of the current situation. Another year of disappointments only adds to the pessimism that has plagued much of the country, as many expectations from 2000 remain unfulfilled.

Without an effective law on NGOs, it is difficult to determine the size of the NGO sector. The register of legal entities, which counts "citizen associations," lists 8,476 organizations, 1,681 of which submitted financial reports in 2003. A

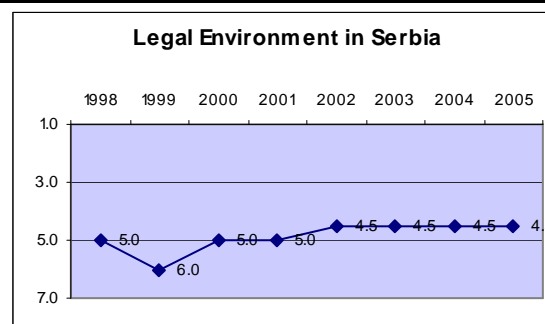
recent study by the NGO Civic Initiatives, based in Belgrade, determined that 997 NGOs

are active.

LEGAL ENVIRONMENT: 4.5

As NGOs in Serbia continue to operate with an inadequate, outdated legal framework to regulate their operations. For the past five years, various drafts of a new NGO law have been circulated, some of which were unacceptable to NGOs; but still no legislation has been enacted. Discussions with representatives from the NGO community at the end of 2005 lead some to believe that an acceptable NGO law will be passed in the first half of 2006. Others remain skeptical given the delays in the past and the government's failure to solicit NGO input during earlier stages of the process.

In addition to its own laws, Serbia is subject to the federal laws enacted under the defunct Federal Republic of Yugoslavia, which is the predecessor to the current but tentative State Union of Serbia and Montenegro²⁷. Serbia's republic-level law for registration has never been implemented and few are familiar with its stringent provisions, one of which, for example, would require organizations to register with the Serbian police. Most NGOs choose instead to register under the federal law, even though the federal government no longer exists. The State Union NGO law is incomplete and only grants the authority to register organizations, but fails to grant State officials the authority to dissolve them. In such a legal vacuum, regulation and implementation remain arbitrary and left to the discretion of government officials. In the absence of a central government, NGOs are generally free from high-level harassment, though some organizations, particularly human rights groups, continue to report cases of wiretapping, e-mail tampering, and other forms of surveillance.

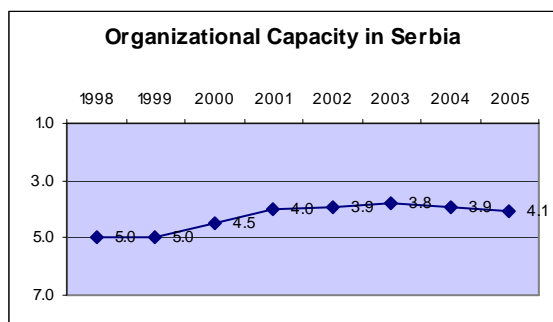


The new Serbian draft law on NGOs, if adopted, will address registration, but will not clarify the ambiguities associated with NGO taxation. Currently, NGOs are exempt from paying taxes on income up to 300,000 dinars (US \$4,200) and all income must be applied to further the organization's purpose. Amendments to the new VAT regime provide exemptions for bilateral donors and permit them to pass on these exemptions to their beneficiaries. NGOs are subject to all local taxes.

²⁷ A referendum on the future of the State Union – consisting of the Republic of Serbia and the Republic of Montenegro – and the possible independence of Montenegro is expected in May 2006.

ORGANIZATIONAL CAPACITY: 4.1

NGOs in Belgrade have much greater organizational capacity than those outside the capital. Those in Belgrade enjoy increasing access to necessary equipment, permanent staff, established boards, and clear management, while those at the local level often continue to be one-person shows.



The decrease in funding from foreign donors has had a greater impact on organizations outside of Belgrade, which generally have limited proposal writing skills. Grants, which have been reduced drastically, focus more on specific project activities rather than institutional or operational support, leaving many organizations unable to meet their basic needs. NGOs continue to request funding for

equipment and technology, including computers and software, though few donors still provide such assistance.

Local NGOs often enjoy greater success with fundraising at the community level than their Belgrade counterparts, because local organizations are members of their community and support local needs. Local funding, however, is limited and like international funds, is directed towards specific activities rather than organizational operational costs.

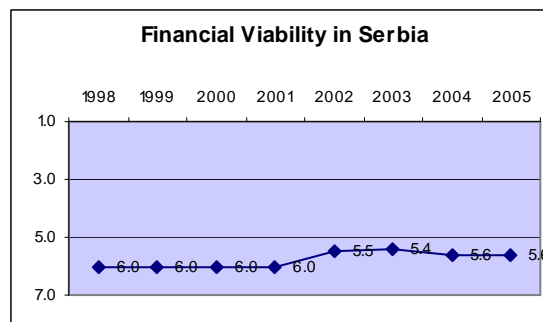
The Balkan Community Initiative Fund is one of the few domestic grant-making organizations that designs and implements its own initiatives rather than re-granting foreign funds. While numerous organizations have the capacity to conduct training programs, many no longer have the funds to do so due to the reprioritization of donor funding. The decrease in opportunities for organizations to attain more fundamental skills has a greater impact new NGOs, in contrast to more-established organizations that may have already received training.

FINANCIAL VIABILITY: 5.6

The changes in donor funding cause many to question whether the financial viability of NGOs is likely to get worse. The current situation is forcing many organizations to seek support from a variety of donors, as few will fund entire projects. While having a variety of funding sources increases stability, Serbian NGOs have very few options. Because the state procurement process lacks transparency, and include unclear budget lines and vague criteria for allocation, few NGOs are aware of opportunities to bid on government contracts. The number of local governments controlled by anti-reformist political parties that commonly hold anti-NGO views has increased. Organizations in such communities are less likely to receive financial support from these governments and some organizations have been

in the position in which they have had to accept funding from political parties that are counter to their own goals. The “anti-NGO” climate that can deter private contributions is being fueled by persistently negative public statements against NGOs by the government and media.

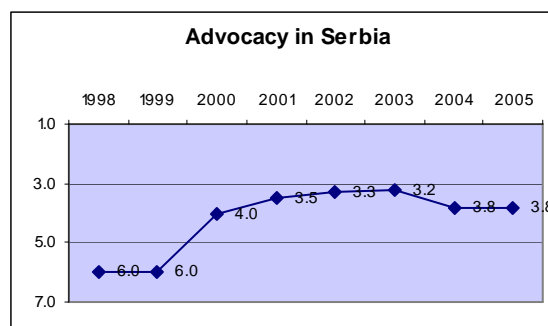
NGOs are increasingly turning attention to financial viability, with domestic philanthropy and corporate responsibility emerging as issues of concern.



ADVOCACY: 3.8

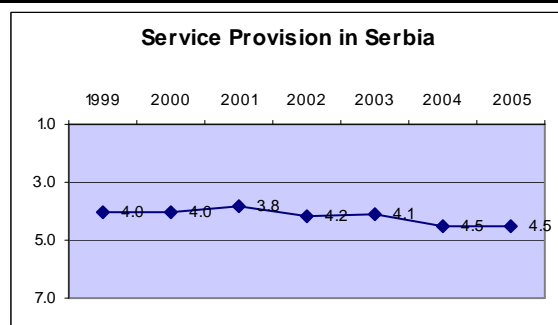
Building on their successes in advocating for a new law on Free Access of Information, NGOs have more optimism concerning advocacy than they did last year. This year, a coalition of fifteen organizations has worked to ensure the law's implementation. Their efforts have included monitoring implementation and informing the public about the law. The coalition has built a strong relationship with the Commissioner for Information of Public Importance and has published a guide to the law, which the Commissioner chose to adopt, rather than draft one as required by law. Other advocacy efforts include involvement with Serbia's laws on the family and the protection of women and children, as well as the recent changes to the criminal code that remove imprisonment as the penalty for libel and slander. NGOs also played an important role in the official acknowledgement of the 10th Anniversary of the 1995 Srebrenica massacre, including publicizing the taped execution of six Srebrenica Muslims. The tape is thought by many to have had a wide impact on how the

public views Serbia's involvement in the wars of the 1990s.



Despite these few examples, NGO advocacy appears to be limited to a small number of Serbia's leading national, rights-based organizations. Local organizations often lack advocacy skills and are not engaged in a wide variety of civil society issues. Many organizations continue to be unclear about the concept of advocacy; how it differs from other activities and how it can be best leveraged to achieve specific goals.

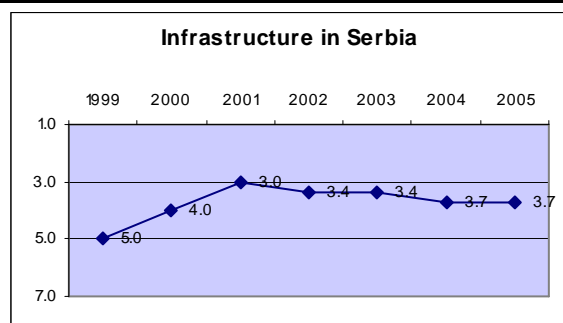
SERVICE PROVISION: 4.5



While NGOs offer a relatively wide range of services, they do not always respond to the needs of their constituents. Many organizations do not conduct needs assessments or long-term strategic planning, and services often change according to the financial situation of the implementing organizations.

Government officials often fail to recognize the value of NGO service providers. The Social Innovation Fund implemented by the Serbian Ministry of Labor, Employment, and Social Policy and funded by the European Agency for Reconstruction, the United Nations Development Program, and the Kingdom of Norway is working to overcome the gap in social services. The Social Innovation Fund is a competitive proposal process that distributes funds and provides management support to reform-oriented social service projects at the local level. NGOs are eligible for funding if they submit project proposals in partnership with Centers for Social Work or other local institutions.

INFRASTRUCTURE: 3.7



Approximately ten NGO networks and coalitions exist in Serbia, including a coalition

PUBLIC IMAGE: 4.6

In one sense, the NGO sector's public image is so poor that NGOs do not even look favorably upon the overall NGO sector. Generally, individual organizations do themselves in a more positive light. A recent survey conducted by Center for Free Elections and Democracy (CeSID) suggests that as poor as their public image is, NGOs may garner more public trust than the political parties. The larger issue appears to be that neither the public nor the government understands the concept of an NGO. "Non-governmental" is often thought to signify "anti-governmental," a view promoted by some officials and the media. The leading human rights organizations in particular, all headed by women, are most often publicly under attack. NGO standing in society is both reflective of and influenced by the political situation. Citizens' opinions about NGOs are linked to party affiliation; supporters of anti-reformist parties mostly hold negative opinions about NGOs while supporters of democratic parties tend to view them more positively.

for reconciliation and a network of human rights organizations, as well as local-level coalitions in Southern Serbia. The four-hundred member federation of NGOs in Serbia (FENS) continues to be the largest coalition in the country. Otherwise, networking continues to be limited to informal, ad hoc initiatives that address immediate, pressing issues rather than issues requiring sustained attention. Networking does appear to be improving, though NGOs have been unable to build partnerships with the government and media.

Organizations consider themselves victims of the media, which fails to analyze the sector, its activities, or accomplishments. Journalists seem more interested in where money comes from rather than how it is used. Local organizations often receive more positive media coverage, as they are perceived as locals active in the community, rather than outsiders paid by foreign interests. Organizations are working to undertake activities promoting financial transparency, such as posting information on websites, which should hopefully aid in promoting accountability and ultimately encouraging local philanthropy.

